

**NORTHWEST IOWA COMMUNITY COLLEGE
SHELDON, IOWA**

**Independent Auditors' Report
Financial Statements and Supplemental Information
Schedule of Findings and Questioned Costs**

For the Fiscal Year Ended June 30, 2016

NORTHWEST IOWA COMMUNITY COLLEGE

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NORTHWEST IOWA COMMUNITY COLLEGE

OFFICIALS

NAME	TITLE	TERM EXPIRES
Board of Directors		
Cynthia Porter	Member	2017
Steve Loshman	Member	2017
Dr. Loretta Berkland	Member	2019
Leroy Van Kekerix	Member	2019
Stephen Simons	Member	2019
Larry Hoekstra	President	2017
Adam Besaw	Vice-President	2019
Community College		
Dr. Alethea Stubbe	President	
Dee Kreykes	Board Secretary	
Mark Brown	Vice President of Operations and Finance and Board Treasurer	



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Northwest Iowa Community College
Sheldon, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Iowa Community College as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwest Iowa Community College as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of Net Pension Liability, the Schedule of College Contributions and OPEB Schedule of Funding Progress on pages 5 through 11 and 36 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (none of which are presented herein) and expressed unqualified/unmodified opinions on those statements. The other supplemental information on pages 40 through 63 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, other supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 16, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- ◆ College operating revenues increased 10.9% or \$1,211,029 from fiscal year 2015 (FY 15). Tuition and fees, federal appropriations, Iowa industrial new jobs training, and miscellaneous revenues reported an increase while gifts and contributions, special events, and auxiliary reported a decrease.
- ◆ College operating expenses increased 10.0% or \$1,766,590 from fiscal year 2015 (FY 15). Liberal arts and sciences, vocational technical, cooperative services, administration, learning resources, physical plant, general institution, and scholarships and grants reported an increase in expenses, while adult education, student services, auxiliary enterprises, and depreciation and amortization decreased.
- ◆ The College's net position increased by \$3,680,180 from fiscal year 2015 (FY 15) after accounting for a prior period fund adjustment due to GASB 68. Contributing factors included an increase in Plant Funds, Foundation Fund and Unrestricted Fund.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the College's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the College's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Position

The Statement of Net Position presents the financial information on all the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Net Position

	June 30	
	2016	2015
Current Assets	\$ 27,044,474	\$ 25,172,430
Noncurrent Assets	28,332,778	25,268,561
Total Assets	55,377,252	50,440,991
Deferred outflows of resources	731,979	385,581
Current Liabilities	3,648,149	4,644,885
Noncurrent Liabilities	13,350,603	11,621,924
Total Liabilities	16,998,752	16,266,809
Deferred Inflows of Resources	3,764,863	2,894,327
Net Position		
Net Investment in capital assets	19,144,628	15,590,609
Restricted	5,264,136	5,091,117
Unrestricted	10,936,852	10,983,710
Total Net Position	\$ 35,345,616	\$ 31,665,436

Comparison of Net Position

The largest portion of the College's net position (54.16%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The next largest portion of the College's net position (30.94%) is the unrestricted net position that can be used to meet the College's obligations as they come due. The restricted portion of the net position (14.90%) includes resources that are subject to external restrictions. The college's restricted portion of the net position shows an increase of \$173,019 compared to FY 15.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, the expenses incurred by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Position

	June 30	
	2016	2015
Operating Revenues:		
Tuition and fees	\$ 3,907,485	\$ 3,898,930
Federal appropriations	2,088,975	1,725,066
Iowa Industrial New Jobs Training Program	1,422,350	669,347
Auxiliary	2,661,158	2,705,396
Special events	7,477	40,828
Gifts and contributions	1,324,351	1,936,240
Miscellaneous	892,775	117,735
Total operating revenues	12,304,571	11,093,542
Total operating expenses	19,303,830	17,537,240
Operating Loss	(6,999,259)	(6,443,698)
Non-operating revenues (expenses)		
State appropriations	8,099,114	6,997,917
Property tax	2,776,132	2,549,134
Interest income on investments	101,563	139,242
Gain on sale of capital assets	(109,739)	2,000
Rental of college facilities	17,495	27,459
Interest on indebtedness	(205,126)	(231,675)
Net non-operating revenues	10,679,439	9,484,077
Increase in net position	3,680,180	3,040,379
Net position beginning of year	31,665,436	30,949,507
Prior Period Adjustment	-	(2,324,450)
Net position end of year	<u>\$ 35,345,616</u>	<u>\$ 31,665,436</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, with an increase in the net position at the end of the fiscal year.

Total Revenue by Source

In FY 16, operating revenues increased by \$1,211,029 (10.9%) as a net result of the following changes:

- ◆ Tuition and fees increased by \$8,555 due to an increase in tuition rates and increase in credit hours.
- ◆ Federal appropriations increased by \$363,909 due to the increase in federal scholarships and grants.
- ◆ The Iowa Industrial New Jobs Training program increased by \$753,003 due to an increase in job training funding requests by area companies.
- ◆ The auxiliary revenues had a slight decrease of \$44,238.
- ◆ The gifts and contributions decreased by \$611,889. This is primarily the result of increased annual contributions in the previous year to the Foundation for the new capital campaign and a slight decrease of contributions in the current fiscal year.

Total Expenses

	June 30	
	2016	2015
Education and support:		
Liberal arts and sciences	\$ 1,467,775	\$ 1,459,291
Vocational technical	4,292,373	4,108,206
Adult education	862,480	912,485
Cooperative services	1,516,903	761,290
Administration	1,041,164	795,186
Student services	1,044,221	1,109,822
Learning resources	226,386	221,736
Physical plant	2,494,832	1,511,061
General institution	1,907,493	1,882,769
Auxiliary enterprises	2,636,670	2,918,047
Scholarships and grants	453,360	440,059
Depreciation and Amortization	1,360,173	1,417,288
Total Operating Expenses	\$ 19,303,830	\$ 17,537,240

In FY 16, operating expenses increased by \$1,766,590 (10.0%). The following factors explain some of the changes:

- ◆ Vocational technical reported an increase of \$184,167 in the current year.
- ◆ Physical plant reported an increase of \$983,771 primarily due to an increase in materials and supplies.
- ◆ Cooperative services reported an increase in expenses of \$755,613 primarily due to an increase in jobs training funding requests by area companies.
- ◆ General Institution reported a small increase of \$24,724 primarily due to a salaries and services.

Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Cash Flows

	June 30	
	2016	2015
Cash provided (used) by:		
Operating activities	\$ (4,387,264)	\$ (8,064,203)
Non-capital financing activities	10,736,608	8,930,021
Capital and related financing activities	(4,949,911)	(1,334,480)
Investing activities	(262,377)	132,634
Net increase (Decrease) in cash	1,137,056	(336,028)
Cash, beginning of the year	20,428,445	20,764,473
Cash, end of the year	<u>\$ 21,565,501</u>	<u>\$ 20,428,445</u>

Cash used by operating activities includes tuition, fees, operating grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, pell grant, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

CAPITAL ASSETS

At June 30, 2016, the College had approximately \$43.1 million invested in capital assets, net of accumulated depreciation of \$18.4 million. Depreciation charges totaled \$1,360,173 for FY 16. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2016	2015
Land	\$ 338,966	\$ 338,966
Buildings and Other Structures	28,985,692	28,041,679
Equipment	8,723,253	8,237,223
Software Development	412,457	412,457
Construction in Progress	4,638,982	1,538,296
Less Accumulated Depreciation	<u>(18,393,145)</u>	<u>(17,238,210)</u>
Total	<u>\$ 24,706,205</u>	<u>\$ 21,330,422</u>

FY15, the College began construction on an Applied Technology Building. The building is expected to cost \$4 million dollars. Construction was substantially completed in spring of 2016 with final expenses wrapping up in FY17. Funding for the project came from a combination of Accelerated Career Education funds, business and industry donations, and college dollars.

DEBT

At June 30, 2016, the College had \$11.3 million in debt outstanding, an increase of \$1.9 million from 2015. The certificates payable are the 260E New Jobs Training Certificates and bonds payable are the revenue bonds for the Lyon Hall and O'Brien Hall apartment style dormitories. The notes payable reflect the debt obligation for the Lifelong Learning and Recreation Center. The capital leases was for a 2016 Peterbilt tractor which the final payment will be in FY 19. The table below summarizes these amounts by type.

	June 30	
	2016	2015
Certificates Payable	\$ 5,770,000	\$ 3,735,000
Bonds Payable	2,820,000	2,975,000
Notes Payable	2,646,834	2,764,802
Capital Lease	94,743	-
Total	<u>\$ 11,331,577</u>	<u>\$ 9,474,802</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ◆ State Aid annual funding is difficult to predict due to the high variability of state tax receipts. The State Aid appropriation for the fiscal year end 2016 was flat, and state receipts leading into the fiscal year end 2017 budget session indicate that the State Aid appropriation may be minimal as well.
- ◆ While the College has aggressively managed expenses in recent years, it is likely that inflationary forces will result in some increased expenditures. This may have an impact on future tuition adjustments considering State Aid is likely to experience minimal increases in the near term.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will hold many challenges and we will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

Contacting the College's Financial Management

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government
ASSETS	
Current Assets:	
Cash and Pooled Investments	\$ 21,175,302
Other Investments	7,519
Restricted Cash	390,199
Receivables:	
Accounts	846,189
Property Tax:	
Current Year Delinquent	29,932
Succeeding Year	3,188,259
Iowa Industrial New Jobs Training Program	403,110
Notes	90
Foundation Promises to Give	434,436
Due from Other Governments	293,318
Inventories	268,922
Prepaid Expenses	7,198
Total Current Assets	<u>27,044,474</u>
Noncurrent Assets:	
Foundation Promises to Give	691,961
Restricted Foundation Assets	2,547,073
Iowa Industrial New Jobs Training Program	387,539
Capital Assets:	
Land	338,966
Construction in Progress	4,638,982
Buildings	27,967,892
Other Structures and Improvements	1,017,800
Furniture, Machinery and Equipment	8,723,253
Software Development	412,457
Accumulated Depreciation	<u>(18,393,145)</u>
Total Noncurrent Assets	<u>28,332,778</u>
Total Assets	<u><u>55,377,252</u></u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>\$ 731,979</u>

See Notes to Financial Statements

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 923,059
Salaries and Benefits Payable	248,414
Accrued Interest Payable	15,445
Unearned Revenue	598,687
Early Retirement Payable	117,357
Compensated Absences Payable	37,660
Insurance Reserve	150,000
Deposits Held in Custody for Others	158,269
Certificates Payable	1,060,000
Capital Lease Payable	30,389
Notes Payable	108,869
Bonds Payable	200,000
Total Current Liabilities	<u>3,648,149</u>
Noncurrent Liabilities:	
Compensated Absences Payable	338,939
Early Retirement Payable	219,341
Capital Lease Payable	64,354
Certificates Payable	4,710,000
Notes Payable	2,537,965
Bonds Payable	2,620,000
Net Pension Liability	2,221,968
Net OPEB Obligation	638,036
Total Noncurrent Liabilities	<u>13,350,603</u>
Total Liabilities	<u><u>16,998,752</u></u>
DEFERRED INFLOWS OF RESOURCES:	
Pension related deferred inflows	576,604
Unavailable Revenue- Future Property Tax	3,188,259
	<u><u>3,764,863</u></u>
NET POSITION	
Net Investment in Capital Assets	19,144,628
Restricted:	
Nonexpendable:	
Cash Reserve	119,016
Permanent Foundation Assets	410,467
Expendable:	
Temporarily Restricted Foundation Assets	1,820,591
Debt Service	374,754
Loans	13,118
Board Restricted Foundation Assets	1,190,691
Other	1,335,499
Unrestricted	10,936,852
Total Net Position	<u><u>\$ 35,345,616</u></u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Primary Government
Revenues	
Operating Revenues:	
Tuition and Fees, net of scholarship allowances of \$1,679,016	\$ 3,907,485
Federal Appropriations	2,088,975
Iowa Industrial New Jobs Training Program	1,422,350
Auxiliary Enterprises, net of scholarship allowances of \$352,195	2,661,158
Special Events, net of related expenses, \$38,455	7,477
Gifts and Contributions	1,324,351
Miscellaneous	892,775
Total Operating Revenues	<u>12,304,571</u>
Expenses	
Operating Expenses:	
Education and Support:	
Liberal Arts and Sciences	1,467,775
Vocational Technical	4,292,373
Adult Education	862,480
Cooperative Services	1,516,903
Administration	1,041,164
Student Services	1,044,221
Learning Resources	226,386
Physical Plant	2,494,832
General Institution	1,907,493
Auxiliary Enterprises	2,636,670
Scholarships and Grants	453,360
Depreciation	1,360,173
Total Operating Expenses	<u>19,303,830</u>
Operating (Loss)	(6,999,259)
Non-operating Revenues (Expenses)	
State Appropriations	8,099,114
Property Tax	2,776,132
Interest Income From Investments	101,563
(Loss) on Disposal of Capital Assets	(109,739)
Rental of College Facilities	17,495
Interest on Indebtedness	(205,126)
Net Non-operating Revenues	<u>10,679,439</u>
Increase in Net Position	3,680,180
Net Position Beginning of Year	<u>31,665,436</u>
Net Position End of Year	<u><u>\$ 35,345,616</u></u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	Primary Government
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 3,816,069
Grants and Contracts	2,080,869
Iowa Industrial New Jobs Training Program	560,198
Payments to Employees	(10,018,208)
Payments to Suppliers	(6,072,853)
Net Receipts of NJTP Issuances and Repayments	(1,516,903)
Payments for Scholarships	(453,360)
Auxiliary Enterprise Charges	2,683,350
Other Receipts	2,498,574
Net Cash (Used) by Operating Activities	<u>(6,422,264)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	7,911,204
Property Tax	2,783,854
Rental of College Facilities	17,495
Certificates Issued	2,885,000
Principal Paid on Debt	(850,000)
Agency receipts	238,095
Agency disbursements	(214,040)
Net Cash Provided From Non-Capital Financing Activities	<u>12,771,608</u>
Cash Flows from Capital and Related Financing Activities:	
Aquisition of Capital Assets	(4,761,227)
Proceeds from the Issuance of Bonds	1,620,500
Proceeds from the Sale of Assets	347,761
Principal Paid on Debt	(1,952,014)
Interest Paid on Debt	(204,931)
Net Cash (Used) by Capital and Related Financing Activities	<u>(4,949,911)</u>
Cash Flows from Investing Activities:	
Interest on Investments	101,563
Proceeds From Investments	61,482
Purchase of Investments	(425,422)
Net Cash (Used) by Investing Activities	<u>(262,377)</u>
Net Increase in Cash	1,137,056
Cash at Beginning of Year	<u>20,428,445</u>
Cash at End of Year	<u><u>\$ 21,565,501</u></u>

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	Primary Government
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating (Loss)	\$ (6,999,259)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,360,173
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Prepaid Assets	128,018
Accounts Receivable	(106,043)
NJTP Receivable	(911,494)
Pledges Receivable	216,988
Due From Federal Agencies	22,509
Deferred Outflows of Resources	(346,398)
Inventories	(2,598)
Increase (Decrease) in Liabilities:	
Accounts Payable	137,176
Salaries Payable	(83,689)
Deferred Revenue	55,546
Compensated Absences	31,027
Early Retirement Payable	(161,869)
Other Postemployment Benefits	(3,248)
Deposits in Custody (non-Agency portion)	17,925
Net Pension Liability	357,444
Deferred Inflows of Resources	(134,472)
Total Adjustments	576,995
Net Cash (Used) by Operating Activities	<u>\$ (6,422,264)</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:	
Cash and Pooled Investments	\$ 21,175,302
Restricted Cash	390,199
	<u>\$ 21,565,501</u>

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. Separate financial statements have not been issued for the Foundation.

Blended Component Unit

Northwest Iowa Community College Foundation is a legally separate non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Northwest Iowa Community College and its students. The Foundation has also issued debt to assist in the construction of the LLRC, which is being repaid with lease payments from the College.

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies – (Continued)

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position:

Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net position whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position: Net position that is not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

GASB Statement No. 35 also requires that Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies – (Continued)

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2016, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies – (Continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements. Interest costs incurred during the year were \$205,126 of which none have been capitalized.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue consists of tuition deposits, tuition paid for portion of summer term after June 30th, unspent grant proceeds and unearned revenue on 260 E and F projects.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable which will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2016.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies – (Continued)

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30th.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

Note 2 - Cash and Pooled Investments

The Community College's deposits in banks at June 30, 2016, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The blended component unit Foundation's deposits exceeded the FDIC coverage at two institutions by a total of \$616,678. The Foundation also owned uninsured investments in various mutual funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 2 - Cash and Pooled Investments – (Continued)

All of the College's investments are in savings accounts, certificates of deposit, Iowa Schools Joint Investment Trust (ISJIT) or money-market accounts, thus cost equals fair value for all of the College's investments with the exception of ISJIT as discussed at Note 1.D. The College protects against interest rate risk by dictating all maturities be of one year or less.

As of June 30, 2016, the College's investments were rated at follows:

Investment Type	Standard & Poors Financial Services
Iowa Schools Joint Investment Trust	AAAm

The College uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the ISJIT investments.

The College had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk – The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the College.

The College foundation, a blended component unit of the College, has various investments in mutual funds totaling \$2,309,654. The recurring fair value measurement for the mutual funds was determined using the last reported sales price at current exchange rates (level 1 inputs).

The only other foundation investments were in certificates of deposit.

Note 3 - Accounts Receivable and Credit Policies

Accounts receivable includes \$198,521 of uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$22,572 that reflects management's best estimate of amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$35 fee to participate in the plan, of which NICC receives \$10. The third party handles all collections of payments and remits them to NICC.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 4 - Inventories

The Community College's inventories at June 30, 2016, are as follows:

Parts, Supplies and Materials	\$ 37,417
Merchandise Held for Resale-Bookstore	176,377
Other-Bookstore	55,128
Total	<u>\$ 268,922</u>

Note 5 - Capital Assets

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 338,966	\$ -	\$ -	\$ 338,966
Construction in Progress	1,538,296	3,979,121	878,435	4,638,982
Total Capital Assets, not being depreciated	<u>1,877,262</u>	<u>3,979,121</u>	<u>878,435</u>	<u>4,977,948</u>
Capital Assets, being depreciated:				
Buildings	27,023,879	944,013	-	27,967,892
Other Structures and Improvements	1,017,800	-	-	1,017,800
Furniture, Machinery and Equipment	8,237,223	691,268	205,238	8,723,253
Software Development	412,457	-	-	412,457
Total Capital Assets, being depreciated	<u>36,691,359</u>	<u>1,635,281</u>	<u>205,238</u>	<u>38,121,402</u>
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	11,451,929	783,574	-	12,235,503
Movable Equipment	5,786,281	576,599	205,238	6,157,642
Total Accumulated Depreciation	<u>17,238,210</u>	<u>1,360,173</u>	<u>205,238</u>	<u>18,393,145</u>
Total Capital Assets, Being Depreciated, Net	<u>19,453,149</u>	<u>275,108</u>	<u>-</u>	<u>19,728,257</u>
Capital Assets, Net	<u>\$ 21,330,411</u>	<u>\$ 4,254,229</u>	<u>\$ 878,435</u>	<u>\$ 24,706,205</u>

Buildings includes \$6,267,847 of assets under capital lease. For further information on this lease, see Note 6.

The College has a lease agreement with the City of Sioux Center for 800 square feet in the Sioux Center Public Library. The agreement was entered effective August 1, 2013, with monthly rent of \$300, through December 31, 2014. There are also renewal options available to extend the agreement annually, which have been exercised.

Beginning July 1, 2013 the College entered into an agreement with M.O.C. Floyd Valley School District, with the school district to provide facilities for the College to operate the NCC College and Career Academy. The agreement calls for an annual payment of \$15,000 for use of the school district facilities and is effective for a period of ten years. The agreement can be terminated individually no later than April 1 of each year.

The primary government construction in progress at year end related to various campus plant and infrastructure projects.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 5 - Capital Assets – (Continued)

Reconciliation of Net Investment in Capital Assets:

	Primary Government
Land	\$ 338,966
Construction in Progress	4,638,982
Buildings	27,967,892
Other Structures and Improvements	1,017,800
Furniture, Machinery and Equipment	8,723,253
Software Development	412,457
Accumulated Depreciation	(18,393,145)
Less: Notes Payable	(2,646,834)
Bonds Payable	(2,820,000)
Capital Lease Payable	(94,743)
Net Investment in Capital Assets	<u>\$ 19,144,628</u>

Note 6 – Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016, is as follows:

	Capital Lease	Notes Payable	Certificates Payable	Bonds Payable	Compensated Absences
Balance Beginning of Year	\$ -	\$2,764,802	\$ 3,735,000	\$ 2,975,000	\$ 345,572
Additions	128,790	-	2,885,000	1,645,000	312,269
Reductions	34,047	117,968	850,000	1,800,000	281,242
Balance End of Year	<u>94,743</u>	<u>2,646,834</u>	<u>5,770,000</u>	<u>2,820,000</u>	<u>376,599</u>
Portion Due Within One Year	<u>\$ 30,389</u>	<u>\$ 108,869</u>	<u>\$ 1,060,000</u>	<u>\$ 200,000</u>	<u>\$ 37,660</u>

	Early Retirement Payable	Net Pension Liability	Net OPEB Liability	Total
Balance Beginning of Year	\$ 498,567	\$1,864,524	\$ 641,284	\$ 12,824,749
Additions	-	357,444	-	5,328,503
Reductions	161,869	-	3,248	3,248,374
Balance End of Year	<u>336,698</u>	<u>2,221,968</u>	<u>638,036</u>	<u>14,904,878</u>
Portion Due Within One Year	<u>\$ 117,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554,275</u>

Capital Lease

The College entered into a lease agreement with PACCAR Financial for the lease of a 2016 Peterbilt tractor. The agreement is for a period of four years at an interest rate of 3.6%.

In FY 2012 the College also entered into a lease agreement with the Northwest Iowa Community College Foundation, which is a blended component unit of the College. The College is leasing the Wellness Center Facility from the Foundation. The term of the lease is thirty years with interest payable at 4%. At completion of the lease, the College will have the option to purchase the facility for \$500. The facility is capitalized on the College's financial statements at a cost of \$6,267,847, with a net book value of \$5,432,134. The original principal amount of the lease was \$2,800,000 as the remaining amounts were funded directly by the college. Pursuant to instruction from GASB 14 as amended by GASB 61, the capital lease activity with a blended component unit was eliminated and the outstanding liability is shown as a notes payable in the College financial statements.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 6 – Changes in Long-Term Liabilities – (Continued)

Certificates Payable

In accordance with agreements dated between December 9, 1985 and June 2016, the Community College issued certificates totaling \$27,505,000, with interest rates ranging from 1.0% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

The certificates will mature as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,060,000	\$ 150,155	\$ 1,210,155
2018	970,000	119,940	1,089,940
2019	640,000	88,435	728,435
2020	640,000	75,053	715,053
2021	815,000	60,970	875,970
2022-2026	1,645,000	103,545	1,748,545
Total	<u>\$ 5,770,000</u>	<u>\$ 598,098</u>	<u>\$ 6,368,098</u>

Bonds Payable

On May 10, 2012, the Community College did a current refunding of its 2007 dormitory building construction bonds. The Community College issued \$1,685,000 dormitory refunding revenue bonds with interest rates ranging from .70% to 3.45%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 15 years by \$92,907, with a present value of \$79,870.

On September 15, 2015, the Community College did a current refunding of its 2008 dormitory building construction bonds. The Community College issued \$1,645,000 dormitory refunding revenue bonds with an interest rate of 3.00%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 14 years by \$263,077, with an economic gain of \$218,918.

The Dormitory bonds will mature as follows:

<u>Years</u> <u>Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 200,000	\$ 79,473	\$ 279,473
2018	200,000	74,890	274,890
2019	210,000	70,150	280,150
2020	220,000	64,620	284,620
2021	225,000	58,825	283,825
2022-2026	1,245,000	196,400	1,441,400
2027-2030	520,000	29,355	549,355
Total	<u>\$2,820,000</u>	<u>\$ 573,713</u>	<u>\$ 3,393,713</u>

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 6 – Changes in Long-Term Liabilities – (Continued)

Notes Payable

The College received the proceeds of two notes in FY 2012 to help finance the construction of the LLRC. One note is from Northwest REC for \$200,000, accruing interest at a variable rate equal to one half of the bank prime rate and payable over six years. The second note is from Sheldon Community Development Corp. for \$50,000, which is interest free and to be repaid over 4 years.

In April 2012, the Northwest Iowa Community College Foundation issued USDA backed notes of \$2,800,000 with local lending institutions. The notes accrue interest at 4.0% and are payable over 30 years. The note was used for construction of the LLRC and payments are made by the College through a capital lease arrangement. Per GASB 14, as amended by GASB 61, the capital lease between the College and blended component unit have been eliminated.

The notes will mature as follows:

Year	Principal	Interest	Total
2017	\$ 108,869	\$ 104,419	\$ 213,288
2018	73,128	101,352	174,480
2019	62,733	98,810	161,543
2020	65,060	96,483	161,543
2021	68,013	93,530	161,543
2022-2026	384,361	423,356	807,717
2027-2031	470,637	337,081	807,718
2032-2036	576,184	231,534	807,718
2037-2041	705,705	102,013	807,718
2042	132,144	2,475	134,619
Total	<u>\$2,646,834</u>	<u>\$ 1,591,053</u>	<u>\$ 4,237,887</u>

Note 7 – Pension Plan

Plan description – IPERS membership is mandatory for employees of the College, except for those covered by another retirement system. Employees of the College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 7 – Pension Plan – (Continued)

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the College contributed 8.93 percent for a total rate of 14.88 percent.

The College's total contributions to IPERS for the year ended June 30, 2016 were \$299,162.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 7 – Pension Plan – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the College reported a liability of \$2,221,968 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the College's collective proportion was 0.044695 percent, which was a decrease of 0.001376 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the College recognized pension expense of \$175,187. At June 30, 2016 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,571	\$ -
Changes of assumptions	61,176	-
Net difference between projected and actual earnings on pension plan investments	332,450	517,376
Changes in proportion and differences between College contributions and proportionate share of contributions	5,620	59,228
College contributions subsequent to the measurement date	299,162	-
Total	<u>\$ 731,979</u>	<u>\$ 576,604</u>

\$299,162 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ (73,948)
2018	(73,948)
2019	(73,948)
2020	80,544
2021	(2,487)
	<u>\$ (143,787)</u>

There were no non-employer contributing entities to IPERS.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 7 – Pension Plan – (Continued)

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2010)	4.00 to 17 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation
Wage Growth (effective June, 30, 1990)	4.00 percent per annum, based on 3.00 percent inflation and 1.00 percent real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	24%	6.29
Non US Equity	16	6.75
Private Equity	11	11.32
Real Estate	8	3.48
Core Plus Fixed Income	28	2.04
Credit Opportunities	5	3.63
TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 7 – Pension Plan – (Continued)

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate - The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
College's proportionate share of the net Pension liability	\$ 3,890,266	\$ 2,221,968	\$ 813,805

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

Note 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.95% and the Community College is required to contribute 8.93%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2016, were \$260,524 and \$173,585, respectively.

Note 9 – Other Postemployment Benefits (OPEB)

The College prospectively implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

Plan Description – The College operates a single-employer retiree benefit plan which provides medical/dental/prescription drug benefits for retirees and their spouses. There are 103 active and 32 retired members in the plan. Participants must be age 55 or older at retirement and have been actively employed as a full time employee of the College and eligible to participate in the group health plan.

The medical/prescription drug coverage is provided through a fully-insured plan with Alliance Select. The dental coverage is provided through Delta Dental. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 9 – Other Postemployment Benefits (OPEB) – (Continued)

Annual OPEB Cost and Net OPEB Obligation – The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 71,294
Interest on net OPEB obligation	29,004
Adjustment to annual required contribution	24,851
Annual OPEB cost	<u>75,447</u>
Contributions made	<u>78,695</u>
Decrease in net OPEB obligation	(3,248)
Net OPEB obligation beginning of year	<u>641,284</u>
Net OPEB obligation end of year	<u><u>\$ 638,036</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2009 through 2016 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2016	\$ 75,447	1.003%	\$ 638,036
June 30, 2015	75,447	1.003%	641,284
June 30, 2014	165,186	57.71%	644,532
June 30, 2013	165,186	57.71%	574,688
June 30, 2012	165,186	57.71%	504,844
June 30, 2011	194,000	25.26%	435,000
June 30, 2010	194,000	25.26%	290,000
June 30, 2009	194,000	25.26%	145,000

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014, through June 30, 2015, the actuarial accrued liability was \$843,211, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$843,211. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,035,006 and the ratio of the UAAL to covered payroll was 13.97%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 9 – Other Postemployment Benefits (OPEB) – (Continued)

following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 5%.

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from Scale MP-2014 of the Actuary's Pension Handbook.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 10 – New Jobs Training Programs

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered eighty-five projects with thirty-three currently having project funding available. The fifty-two remaining projects have been completed, and have been fully repaid. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 165 projects, with 6 projects having unspent training dollars at June 30, 2016.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. In FY 2013, 2014, 2015 and 2016, the College received \$400,000 to be used for an infrastructure project through the state RIF Program. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 11 – Termination Benefits

The College offered a voluntary early retirement plan to its employees during fiscal year 2013. The plan was for retirements effective from May 1, 2013 thru July 31, 2013. Eligible employees must have completed at least ten years of full-time service to the College and must have reached the age of fifty-five on or before the date in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors. This was a one time opportunity. At June 30, 2016, there were four employees with benefits remaining under this program. Currently, there are no plans open for enrollment.

Early retirement benefits are a one-time cash incentive equal to an amount ranging from 2.5% to 3.5%, multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement. The percentage used is based upon the number of years of service.

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age.

In fiscal year 2010, the College offered an additional one-time enrollment early retirement plan in which the College offered one-time cash payments, which have all been paid, and no-cost health/dental insurance to the employees and spouses for up to 84 months depending upon age. At June 30, 2016, there were eight employees receiving benefits under this plan.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2016 there was one employee receiving health/dental coverage under this plan.

At June 30, 2016, the college has obligations to 13 participants with a total liability of \$336,698. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Early retirement is funded on a pay-as-you-go basis through property tax levies. Actual early retirement cash basis expenditures for the year ended June 30, 2016 totaled \$155,483.

Note 12 – Risk Management

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, workers compensation, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Beginning July 1, 2009 the College began to operate a medical expense reimbursement plan. Under the plan the Community College currently purchases a fully insured high deductible healthcare plan and self-funds the deductible and out of pocket maximum down to a lower deductible and out of pocket maximum for employees. The premium savings between the purchased plan and the employee plan is used to fund the claims for employees who exceed their lower deductible plan. The College risk is limited to the difference between the out of pocket maximums of the two plans. Actual claims have not exceeded 70% of the premium savings.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 12 – Risk Management – (Continued)

The claims payable, including claims incurred but not yet reported, have been determined by the College's management and have been recorded in the accompanying financial statements. Changes in the claim's liability amount were as follows:

Year Ended June 30	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
2010	\$ -	\$ 121,663	\$ 111,382	\$ 10,281
2011	10,281	65,642	70,883	5,040
2012	5,040	69,617	69,958	4,699
2013	4,699	65,219	64,861	5,057
2014	5,057	97,144	94,902	7,299
2015	7,299	92,514	92,586	7,227
2016	7,227	107,599	101,486	13,340

Note 13 – Promises to Give

The blended component unit Foundation has held fund-raising campaigns for funding for scholarships and equipment for technical programs. The promises to give as of June 30, 2016 are unconditional and due in 2016 and over the next one to six years. No provision has been made for uncollectible promises to give because the uncollected amount is expected to be insignificant.

Unconditional promises to give at June 30, 2016 are as follows:

Receivable in Fiscal Year Ended	
June 30, 2017	\$ 434,436
June 30, 2018	371,736
June 30, 2019	286,405
June 30, 2020	39,753
June 30, 2021	12,653
June 30, 2022	1,462
Total unconditional promises to give	1,146,445
Less: discounts to net present value	(20,048)
Net unconditional promises to give at June 30, 2016	<u>\$ 1,126,397</u>

Promises to give, which are receivable in more than one year are discounted at 1.60% for 2016.

Note 14 – Operating Lease

The College entered an operating lease for use of a 2014 Freightliner Truck to be used in the Heavy Equipment Program. The lease is a 60 month non-cancelable lease, consisting of monthly payments of \$2,760. Expense of the lease in fiscal year 2016 was \$33,120. Future minimum payments of \$33,120 will be required in fiscal year 2017, 2018, and 2019 and \$5,520 in fiscal year 2020.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2016

Note 15 – Subsequent Events

In December 2016, the College approved offering an early retirement plan, for employees to enroll by March 2017.

The College also approved construction of Osceola Residence Hall with financing to be approved January 2017.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
POST EMPLOYMENT HEALTHCARE BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2009	7/1/2008 *	\$ -	\$ 1,486,000	\$ 1,486,000	0.00%	\$ 5,456,752	27.2%
6/30/2010	7/1/2008	-	1,486,000	1,486,000	0.00%	5,565,468	26.7%
6/30/2011	7/1/2008	-	1,486,000	1,486,000	0.00%	5,281,580	28.1%
6/30/2012	7/1/2011	-	1,346,966	1,346,966	0.00%	4,593,142	29.3%
6/30/2013	7/1/2011	-	1,346,966	1,346,966	0.00%	5,071,648	26.6%
6/30/2014	7/1/2011	-	1,346,966	1,346,966	0.00%	6,154,151	21.9%
6/30/2015	7/1/2014	-	843,211	843,211	0.00%	5,205,175	16.2%
6/30/2016	7/1/2014	-	843,211	843,211	0.00%	6,035,006	14.0%

* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

	2015	2016
College's proportion of the net pension liability	.046071%	.044695%
College's proportionate share of the net pension liability	\$ 1,865	\$ 2,222
College's covered-employee payroll	\$ 3,096	\$ 3,087
College's proportionate share of the net pension liability as a percentage of its covered employee payroll	60.2%	66.3%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	85.19%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 299	\$ 276	\$ 275	\$ 257	\$ 231
Contributions in relation to the statutorily required contribution	(299)	(276)	(275)	(257)	(231)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered employee payroll	\$ 3,350	\$ 3,087	\$ 3,096	\$ 2,969	\$ 2,868
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%	8.07%

	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 193	\$ 188	\$ 169	\$ 147	\$ 145
Contributions in relation to the statutorily required contribution	(193)	(188)	(169)	(147)	(145)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered employee payroll	\$ 2,771	\$ 2,834	\$ 2,662	\$ 2,427	\$ 2,511
Contributions as a percentage of covered-employee payroll	6.95%	6.65%	6.35%	6.05%	5.75%

See accompanying independent auditors' report

**NORTHWEST IOWA COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016**

Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

OTHER SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2016

Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Northwest Iowa Community College Foundation- The Northwest Iowa Community College Foundation is reported as blended component unit of the college. A significant portion of the Foundation net assets are restricted by donors where the principal is maintained inviolate and only the income from those funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2016

Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

The Budgetary Comparison Schedule of Expenditures – Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the Community College uses the Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

Schedules presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balance is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

NORTHWEST IOWA COMMUNITY COLLEGE
Budgetary Comparison Schedule of Expenditures –
Budget and Actual
Year Ended June 30, 2016

Funds/Levy	Original/Final Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 11,710,000	\$10,365,357	\$ 1,344,643
Restricted	4,043,000	2,532,516	1,510,484
Unemployment	10,000	10,816	(816)
Insurance	665,660	963,022	(297,362)
Early Retirement	-	10,915	(10,915)
Stand-By Tax	90,000	90,272	(272)
Equipment Replacement	395,000	261,727	133,273
Total Restricted	5,203,660	3,869,268	1,334,392
Plant	3,500,000	7,276,471	(3,776,471)
Total	\$ 20,413,660	\$21,511,096	\$ (1,097,436)

NORTHWEST IOWA COMMUNITY COLLEGE
Note to Supplementary Information –
Budgetary Reporting
June 30, 2016

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Scholarships and Grant Accounts, Loan Funds, Endowment Funds, the blended component unit and Agency Funds.

**NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2016**

	Current Funds				
	Unrestricted	Restricted		Loan Funds	NWICC Foundation
		New Jobs Training	Other Restricted		
Assets					
Cash and Pooled Investments	\$ 10,457,126	\$ 4,979,351	\$ 1,366,002	\$ 13,028	\$ 487,514
Other Investments					7,519
Restricted Cash					
Receivables:					
Accounts	533,439		312,750		
Property Tax:					
Current Year Delinquent	8,264		13,404		
Succeeding Year	826,471		1,535,317		
Notes				90	
Pledges to Give					1,126,397
Iowa Industrial New Jobs Training Program		790,649			
Due from Other Governmental Agencies	16,157		276,633		
Due From Northwest Iowa Community College Foundation	58,664				
Accrued Interest Receivable					5,383
Inventories	268,922				
Prepaid Expenses	7,198				
Capital Lease Receivable					2,582,936
Capital Assets					
Land					
Buildings					
Construction in Progress					
Software Development					
Other Structures and Improvements					
Furniture, Machinery and Equipment					
Accumulated Depreciation					
Endowment Investments					2,547,073
Total Assets	12,176,241	5,770,000	3,504,106	13,118	6,756,822
Deferred Outflows of Resources:					
Pension related deferred outflows					
Total Assets and deferred outflows of resources	\$ 12,176,241	\$ 5,770,000	\$ 3,504,106	\$ 13,118	\$6,756,822

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$3,751,412			\$ 120,869		\$ 21,175,302
	\$ 390,199				7,519
					390,199
					846,189
8,264					29,932
826,471					3,188,259
					90
					1,126,397
					790,649
			528		293,318
				\$ (58,664)	-
				(5,383)	-
					268,922
					7,198
				(2,582,936)	-
		\$ 338,966			338,966
		27,967,892			27,967,892
		4,638,982			4,638,982
		412,457			412,457
		1,017,800			1,017,800
		8,723,253			8,723,253
				(18,393,145)	(18,393,145)
					2,547,073
4,586,147	390,199	43,099,350	121,397	(21,040,128)	55,377,252
					731,979
					731,979
\$4,586,147	\$ 390,199	\$43,099,350	\$ 121,397	\$ (20,308,149)	\$ 56,109,231

**NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2016**

	Current Funds				
	Unrestricted	Restricted		Loan Funds	NWICC Foundation
		New Jobs Training	Other Restricted		
Liabilities and Equity					
Liabilities:					
Accounts Payable	\$ 574,725		\$ 15,329		\$ 630
Salaries and Benefits Payable	241,540		6,874		
Interest Payable					5,383
Due to Northwest Iowa Community College					58,664
Unearned Revenue	443,314		155,373		
Early Retirement Payable			336,698		
Compensated Absences	369,769				
Insurance Reserve	150,000				
Deposits Held in Custody for Others	43,702				
Certificates Payable		\$ 5,770,000			
Capital Lease Payable					
Notes Payable					2,582,936
Bonds Payable					
Net Pension Liability					
Net OPEB Obligation					
Total Liabilities	1,823,050	5,770,000	514,274	-	2,647,613
Deferred Inflows of Resources:					
Pension related deferred inflows					
Unavailable Revenue- Future Property Tax	826,471		1,535,317		
Total Deferred Inflows of Resources	826,471	-	1,535,317	-	-
Fund Balance:					
Net Investment in Capital Assets					
Fund Balances:					
Restricted					
Nonexpendable:					
Cash Reserve			119,016		
Permanent Foundation Net Assets					410,467
Expendable:					
Loans				\$ 13,118	
Debt Service					
Board Restricted Foundation Net Assets					1,190,691
Temporarily Restricted Foundation Net Assets					1,820,591
Other			1,335,499		
Unrestricted	9,526,720				687,460
Total Fund Balances	9,526,720	-	1,454,515	13,118	4,109,209
Total Liabilities, Deferred Inflows and Equity	\$ 12,176,241	\$ 5,770,000	\$ 3,504,106	\$ 13,118	\$6,756,822

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$ 332,375					\$ 923,059
					248,414
	\$ 15,445			\$ (5,383)	15,445
				(58,664)	-
					598,687
					336,698
			\$ 6,830		376,599
					150,000
			114,567		158,269
					5,770,000
		\$ 2,677,679		(2,582,936)	94,743
		63,898			2,646,834
		2,820,000			2,820,000
				2,221,968	2,221,968
				638,036	638,036
332,375	15,445	5,561,577	121,397	213,021	16,998,752
				576,604	576,604
826,471					3,188,259
826,471	-	-	-	576,604	3,764,863
		37,537,773		(18,393,145)	19,144,628
					119,016
					410,467
					13,118
	374,754				374,754
					1,190,691
					1,820,591
					1,335,499
3,427,301				(2,704,629)	10,936,852
3,427,301	374,754	37,537,773	-	(21,097,774)	35,345,616
\$4,586,147	\$ 390,199	\$43,099,350	\$ 121,397	\$ (20,308,149)	\$ 56,109,231

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Current Funds		
	Unrestricted	Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 4,934,410		\$ 1,143,773
Tuition and Fees	5,586,501		
Property tax	766,448	\$ 90,272	1,152,964
Federal Appropriations	40,133		2,048,842
Interest on Investments	90,238		9,584
Rental of College Facilities	17,495		
Gifts and Contributions			381,773
Iowa Industrial New Jobs Training Program		1,422,350	
Special Events, net of related expenses, \$38,455			
Proceeds from Sale of Bonds			
Proceeds from Capital Lease			
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Gain (Loss) on sale of Capital Assets			
Miscellaneous	34,230	1,556	819,371
Total General	11,469,455	1,514,178	5,556,307
Auxiliary Enterprises:			
State Appropriations	63,302		
Tuition and Fees	92,165		
Sales and Services	2,368,116		
Interest on Investments	8,538		
Federal Appropriations	72,589		
Miscellaneous	544,207		
Total Auxiliary Enterprises	3,148,917	-	-
Total Revenues and Other Additions	\$ 14,618,372	\$ 1,514,178	\$ 5,556,307

Loan Funds	NWICC Foundation	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
		\$ 2,020,931			\$	8,099,114
					\$ (1,679,016)	3,907,485
		766,448				2,776,132
						2,088,975
	\$ 75,893	32,114			(106,266)	101,563
						17,495
	518,034	424,544				1,324,351
						1,422,350
	7,477					7,477
			\$ 1,645,000		(1,645,000)	-
		128,790			(128,790)	-
				\$ 4,735,968	(4,735,968)	-
				1,952,014	(1,952,014)	-
	(109,739)					(109,739)
		37,618				892,775
\$ -	491,665	3,410,445	1,645,000	6,687,982	(10,247,054)	20,527,978
						63,302
						92,165
					(487,759)	1,880,357
						8,538
						72,589
						544,207
-	-	-	-	-	(487,759)	2,661,158
\$ -	\$ 491,665	\$ 3,410,445	\$ 1,645,000	\$ 6,687,982	\$ (10,734,813)	\$ 23,189,136

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 1,536,697		
Vocational Technical	3,810,636		\$ 519,737
Adult Education	593,384		292,213
Cooperative Services		\$ 1,516,903	
Administration	902,565		140,510
Student Services	1,056,227		
Learning Resources	203,041		
Physical Plant	773,282		964,080
General Institution	1,489,525		435,825
Total Education and Support	10,365,357	1,516,903	2,352,365
Auxiliary Enterprises	2,646,829		
Scholarships and Grants			2,031,483
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Issuance of Bonds			
Issuance of Capital Lease			
Interest on Indebtedness			
Depreciation			
Foundation Program & Supporting Services			
Total Expenditures	13,012,186	1,516,903	4,383,848
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	1,606,186	(2,725)	1,172,459
Transfers:			
Mandatory Transfers		2,725	69,987
Non-mandatory Transfers	(1,544,990)		(943,030)
Total Transfers	(1,544,990)	2,725	(873,043)
Net	61,196	-	299,416
Fund Balances Beginning of Year	9,465,524	-	1,155,099
Fund Balances End of Year	\$ 9,526,720	\$ -	\$ 1,454,515

Loan Funds	NWICC Foundation	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
	\$ 23,699				\$ (68,922)	\$ 1,467,775
					(61,699)	4,292,373
					(23,117)	862,480
						1,516,903
					(8,800)	1,034,275
					(12,006)	1,044,221
					23,345	226,386
	457,130	\$ 295,716			4,624	2,494,832
					(17,857)	1,907,493
-	480,829	295,716	-	-	(164,432)	14,846,738
					(10,159)	2,636,670
	453,088				(2,031,211)	453,360
		4,823,615			(4,823,615)	-
			\$ 1,952,014		(1,952,014)	-
				\$ 205,238	(205,238)	-
				1,645,000	(1,645,000)	-
				128,790	(128,790)	-
	106,266		205,126		(106,266)	205,126
					1,360,173	1,360,173
	6,889					6,889
-	1,047,072	5,119,331	2,157,140	1,979,028	(9,706,552)	19,508,956
-	(555,407)	(1,708,886)	(512,140)	4,708,954	(1,028,261)	3,680,180
						72,712
		1,513,164	902,144			(72,712)
-	-	1,513,164	902,144	-	-	-
-	(555,407)	(195,722)	390,004	4,708,954	(1,028,261)	3,680,180
\$ 13,118	4,664,616	3,623,023	(15,250)	32,828,819	(20,069,513)	31,665,436
\$ 13,118	\$ 4,109,209	\$ 3,427,301	\$ 374,754	\$ 37,537,773	\$ (21,097,774)	\$ 35,345,616

**NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
FOR THE YEAR ENDED JUNE 30, 2016**

	Education		
	Liberal Arts and Science	Vocational Technical	Adult Education
REVENUES			
State Appropriations	\$ 1,885,000	\$ 2,469,762	\$ 563,264
Tuition and Fees	1,924,576	3,233,584	395,732
Property Tax			
Federal Appropriations	11,894		
Rental of College Facilities			
Interest on Investments			
Miscellaneous		4,591	405
	<u>3,821,470</u>	<u>5,707,937</u>	<u>959,401</u>
Allocation of Support Services	357,632	495,854	127,160
	<u>4,179,102</u>	<u>6,203,791</u>	<u>1,086,561</u>
Total Revenues			
	<u>4,179,102</u>	<u>6,203,791</u>	<u>1,086,561</u>
EXPENDITURES			
Salaries and Benefits	1,506,193	3,381,895	428,207
Services	17,060	193,366	87,433
Materials and Supplies	11,038	215,050	49,747
Travel	2,406	17,924	27,997
Miscellaneous		2,401	
	<u>1,536,697</u>	<u>3,810,636</u>	<u>593,384</u>
Allocation of Support Services	1,613,622	2,237,275	573,743
	<u>3,150,319</u>	<u>6,047,911</u>	<u>1,167,127</u>
Total Expenditures			
	<u>3,150,319</u>	<u>6,047,911</u>	<u>1,167,127</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,028,783	155,880	(80,566)
TRANSFERS			
Non-Mandatory Transfers In		268,388	
Non-Mandatory Transfers Out		(2,356)	(799)
Net	<u>\$ 1,028,783</u>	<u>\$ 421,912</u>	<u>\$ (81,365)</u>

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ 14,289		\$ 33	\$ 2,062		\$ 4,934,410
	\$ 32,609				5,586,501
766,448					766,448
28,239					40,133
			17,495		17,495
85,821				\$ 4,417	90,238
13,692	261	60		15,221	34,230
908,489	32,870	93	19,557	19,638	11,469,455
(908,489)	(32,870)	(93)	(19,557)	(19,638)	-
-	-	-	-	-	11,469,455
680,290	928,171	162,613	539,610	699,816	8,326,795
189,875	79,566	10,813	77,795	546,851	1,202,759
10,459	32,132	28,563	154,530	151,690	653,209
21,336	12,259	1,052	1,305	31,719	115,998
605	4,099		42	59,449	66,596
902,565	1,056,227	203,041	773,282	1,489,525	10,365,357
(902,565)	(1,056,227)	(203,041)	(773,282)	(1,489,525)	-
-	-	-	-	-	10,365,357
-	-	-	-	-	1,104,098
	4,407			36,051	308,846
	-	-	(51,762)	(1,330,000)	(1,384,917)
\$ -	\$ 4,407	\$ -	\$ (51,762)	\$ (1,293,949)	28,027
					1,371,872
					\$ 1,399,899

**NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
FOR THE YEAR ENDED JUNE 30, 2016**

	Campus Store	Dormitories	Carpentry	Farm
REVENUES				
State Appropriations				
Tuition and Fees				
Sales and Services (Net of Returns)	\$ 723,314	\$ 459,416	\$ 115,000	
Interest on Investments	662		179	\$ 558
Federal Appropriations	4,553			
Miscellaneous			236	8,304
Total Revenues	728,529	459,416	115,415	8,862
EXPENDITURES				
Salaries and Benefits	125,565			
Services	15,766	31,134	6,753	
Materials and Supplies	2,733	15,658	372	
Travel	1,004			
Cost of Goods Sold	515,580		95,616	
Miscellaneous	115		1,000	
Total Expenditures	660,763	46,792	103,741	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,766	412,624	11,674	8,862
TRANSFERS				
Non-Mandatory Transfers In				
Non-Mandatory Transfers Out		(274,686)	(13,998)	
Net	67,766	137,938	(2,324)	8,862
Fund Balance Beginning of Year	487,604	475,632	223,026	144,381
Fund Balance End of Year	\$ 555,370	\$ 613,570	\$ 220,702	\$153,243

Parts	Printing and Reproduction	Trade and Industry	Wellness Center	Heavy Equipment	Other	Total
					\$ 63,302	\$ 63,302
			\$ 12,150	\$ 6,915	73,100	92,165
\$364,199	\$ 89,364		226,519	290,561	99,743	2,368,116
673	694	\$ 4,142			1,630	8,538
					68,036	72,589
	902	176,332	7,633		350,800	544,207
364,872	90,960	180,474	246,302	297,476	656,611	3,148,917
	31,969	299,034	225,742		103,057	785,367
2,448	36,793	54,396	76,263	41,317	225,632	490,502
61	7,934	6,835	12,825	79,491	104,494	230,403
		14,264	281	163	4,174	19,886
341,030			1,020		7,662	960,908
	3,002		600		155,046	159,763
343,539	79,698	374,529	316,731	120,971	600,065	2,646,829
21,333	11,262	(194,055)	(70,429)	176,505	56,546	502,088
		196,292	-	-	1,323,723	1,520,015
	-		-	(98,600)	(1,601,650)	(1,988,934)
21,333	11,262	2,237	(70,429)	77,905	(221,381)	33,169
342,298	108,069	301,676	9,501	253,410	5,748,055	8,093,652
<u>\$363,631</u>	<u>\$ 119,331</u>	<u>\$303,913</u>	<u>\$ (60,928)</u>	<u>\$331,315</u>	<u>\$5,526,674</u>	<u>\$8,126,821</u>

NORTHWEST IOWA COMMUNITY COLLEGE
RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	Scholarships and Grants	Equipment Replacement	Insurance
REVENUES			
State Appropriations	\$ 369,943	\$ 6,350	\$ 14,957
Property Tax		340,643	712,022
Federal Appropriations	1,282,985		
Investment Income			
Iowa Industrial New Jobs Training Program			
Gifts and Grants	376,773		
Miscellaneous			325,000
Total Revenues	<u>2,029,701</u>	<u>346,993</u>	<u>1,051,979</u>
EXPENDITURES			
Salaries and Benefits	2,073		2,000
Services		33,120	961,022
Material and Supplies	9	228,607	
Travel			
Interest on Indebtedness			
Federal Pell Grant Program	1,249,523		
Federal Supplemental Educational Opportunity Grant	17,050		
Federal TRIO and Title 3 Grant Program			
Iowa College Student Aid Commission	80,400		
Other Misc. State Grants	286,194		
Private Scholarships	396,234		
Total Expenditures	<u>2,031,483</u>	<u>261,727</u>	<u>963,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,782)	85,266	88,957
TRANSFERS			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out	-	(187,731)	(2,725)
Net	<u>(1,782)</u>	<u>(102,465)</u>	<u>88,957</u>
Fund Balances (Deficit) Beginning of Year	<u>(46,796)</u>	<u>305,467</u>	<u>237,541</u>
Fund Balances (Deficit) End of Year	<u>\$ (48,578)</u>	<u>\$ 203,002</u>	<u>\$ 326,498</u>

Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
	\$ 1,870			\$ 750,653	\$ 1,143,773
	100,299		\$ 90,272		1,243,236
				765,857	2,048,842
				9,584	9,584
			1,422,350		1,422,350
				5,000	381,773
			1,556	494,371	820,927
<u>-</u>	<u>102,169</u>	<u>-</u>	<u>1,514,178</u>	<u>2,025,465</u>	<u>7,070,485</u>
\$ 10,816	10,915			665,711	691,515
			1,378,384	221,180	2,593,706
				92,428	321,044
				44,158	44,158
			138,519		138,519
					1,249,523
					17,050
				11,000	11,000
					80,400
				71,408	357,602
					396,234
<u>10,816</u>	<u>10,915</u>	<u>-</u>	<u>1,516,903</u>	<u>1,105,885</u>	<u>5,900,751</u>
(10,816)	91,254	-	(2,725)	919,580	1,169,734
			2,725	69,987	72,712
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(752,574)</u>	<u>(943,030)</u>
(10,816)	91,254	-	-	236,993	299,416
<u>50,643</u>	<u>(484,224)</u>	<u>\$ 119,016</u>	<u>-</u>	<u>973,452</u>	<u>1,155,099</u>
<u>\$ 39,827</u>	<u>\$ (392,970)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 1,210,445</u>	<u>\$ 1,454,515</u>

NORTHWEST IOWA COMMUNITY COLLEGE
 AGENCY FUNDS
 SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
 FOR THE YEAR ENDED JUNE 30, 2016

	Student Clubs and <u>Organizations</u>	NWICC <u>Foundation</u>	Municipal <u>Coordinator</u>	<u>Total</u>
Balance Beginning of Year	\$ 4,675	\$ 85,194	\$ 643	\$ 90,512
<u>ADDITIONS</u>				
Tuition and Fees	42,442			42,442
Interest on Investments		334		334
Transfers from Governmental Funds	65,901			65,901
Miscellaneous	<u>38,775</u>		<u>90,643</u>	<u>129,418</u>
Total Additions	147,118	334	90,643	238,095
<u>DEDUCTIONS</u>				
Salaries and Benefits	13,712		76,567	90,279
Services and Workshops	27,576	25,555	8,714	61,845
Material and Supplies	10,311	413	3,507	14,231
Travel	19,506	151	910	20,567
Scholarships and Awards	5,046			5,046
Transfers	1,231			1,231
Miscellaneous	<u>20,841</u>			<u>20,841</u>
Total Deductions	98,223	26,119	89,698	214,040
Balance End of Year	<u>\$ 53,570</u>	<u>\$ 59,409</u>	<u>\$ 1,588</u>	<u>\$ 114,567</u>

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:				
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 17,050	
Federal Direct Student Loans	84.268			\$ 2,496,993
Federal Work-Study Program	84.033		16,679	
Federal Pell Grant Program	84.063		1,262,362	
Total for Student Financial Assistance Cluster			1,296,091	2,496,993
TRIO Student Support Services	84.042		265,891	
Total Direct			1,561,982	2,496,993
Indirect:				
U.S. Department of Education:				
Indirect Through Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002	N/A	44,959	
Vocational Education - Basic Grants to States	84.048	G60183	88,146	
U.S. Department of Labor:				
Indirect Through Hawkeye Community College:				
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-26439-14-60-A-19	366,864	
Indirect Through Des Moines Area Community College:				
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-23755-12-60-A-19	66,231	
Program Total			433,095	
Total Indirect			566,200	-
Total			<u>\$ 2,128,182</u>	<u>\$ 2,496,993</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - BASIS OF PRESENTATION - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northwest Iowa Community College under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northwest Iowa Community College, it is not intended to and does not present the financial position, changes in financial position or cash flows of Northwest Iowa Community College.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Northwest Iowa Community College has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

	<u>Years Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Local (Property Tax)	\$ 2,776,132	\$ 2,549,134	\$ 2,385,995	\$ 2,115,657	\$ 1,992,406
State	8,099,114	6,997,917	5,792,288	5,462,870	4,624,742
Federal	2,088,975	1,725,066	1,898,994	2,433,014	2,597,620
Total	<u>\$12,964,221</u>	<u>\$ 11,272,117</u>	<u>\$ 10,077,277</u>	<u>\$ 10,011,541</u>	<u>\$ 9,214,768</u>

<u>Years Ended June 30,</u>				
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,967,964	\$ 1,779,629	\$ 1,768,786	\$ 1,690,104	\$ 1,643,656
5,207,160	5,011,201	5,889,594	5,415,475	4,869,290
2,792,595	3,141,024	2,049,512	1,786,600	1,539,091
<u>\$ 9,967,719</u>	<u>\$ 9,931,854</u>	<u>\$ 9,707,892</u>	<u>\$ 8,892,179</u>	<u>\$ 8,052,037</u>

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
FOR THE LAST TEN YEARS**

	Years Ended June 30,			
	2016	2015	2014	2013
Revenues:				
State Appropriations	\$ 6,078,183	\$ 5,934,304	\$ 5,774,758	\$ 4,951,716
Tuition and Fees	5,586,501	5,501,802	5,708,745	5,947,815
Property Tax	2,009,684	1,802,402	1,686,482	1,450,190
Federal Appropriations	2,088,975	1,725,066	1,898,994	2,433,014
Interest on Investments	99,822	83,740	82,294	139,836
Rental of College Facilities	17,495	22,120	22,105	10,477
Iowa Industrial New Jobs Training Program	1,422,350	669,347	1,164,982	1,553,644
Auxiliary Enterprises	3,148,917	3,200,394	3,225,023	3,062,326
Miscellaneous	1,236,930	494,685	458,707	556,533
Total	21,688,857	19,433,860	20,022,090	20,105,551
Expenditures:				
Liberal Arts and Sciences	1,536,697	1,526,979	1,559,063	1,526,692
Vocational Technical	4,330,373	4,195,013	4,188,189	4,146,217
Adult Education	885,597	939,601	862,331	800,086
Cooperative Services	1,516,903	761,290	1,265,218	1,553,644
Administration	1,043,075	797,731	848,720	1,457,598
Student Services	1,056,227	1,123,974	1,082,088	792,754
Learning Resources	203,041	195,809	195,177	196,738
Physical Plant	1,737,362	1,121,927	1,237,105	1,121,236
General Institution	1,925,350	1,897,221	2,038,629	2,244,004
Auxiliary Enterprises	2,646,829	2,929,434	2,882,996	2,588,991
Scholarships and Grants	2,031,483	1,959,776	2,048,104	2,231,111
Total	\$ 18,912,937	\$ 17,448,755	\$ 18,207,620	\$ 18,659,071

Years Ended June 30,					
2012	2011	2010	2009	2008	2007
\$ 4,487,837	\$ 4,510,674	\$ 4,367,615	\$ 5,115,582	\$ 5,076,593	\$ 4,592,064
5,964,497	5,743,853	5,333,185	4,594,816	4,350,441	3,315,756
1,372,248	1,378,718	1,229,209	1,247,766	1,181,464	1,140,891
2,597,620	2,792,595	3,141,024	2,047,630	1,761,848	1,538,295
88,916	94,683	126,051	231,067	538,838	763,782
11,245	6,280	3,828	3,365	3,475	5,319
797,309	552,861	883,794	1,686,323	1,294,012	1,889,462
2,653,918	2,456,803	2,605,378	2,310,922	2,832,983	2,826,435
347,046	330,684	366,838	665,201	239,296	371,399
18,320,636	17,867,151	18,056,922	17,902,672	17,278,950	16,443,403
1,533,181	1,378,700	1,220,585	1,188,900	1,112,487	990,573
3,898,802	3,954,420	3,940,134	3,852,582	3,561,537	3,387,504
786,353	795,049	751,832	819,585	760,251	764,969
797,309	552,861	883,794	1,693,281	1,294,012	1,899,727
780,560	913,337	1,945,019	673,282	864,847	719,507
802,501	775,327	820,053	791,574	739,662	748,640
178,762	171,944	170,356	184,932	183,868	179,450
925,288	889,225	870,342	910,992	842,751	763,413
2,178,288	2,118,671	2,246,335	2,422,885	2,333,919	2,257,269
2,330,761	2,261,937	2,203,369	2,108,840	2,295,261	2,379,406
2,153,826	2,202,386	1,884,542	1,208,160	1,046,340	840,366
\$ 16,365,631	\$ 16,013,857	\$ 16,936,361	\$ 15,855,013	\$ 15,034,935	\$ 14,930,824



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwest Iowa Community College as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated January 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Iowa Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Northwest Iowa Community College's Response to Findings

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the College during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

January 16, 2017
Le Mars, Iowa



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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

Report on Compliance for Each Major Federal Program

We have audited the compliance of Northwest Iowa Community College with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in a material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 16, 2017

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Part I: Summary of the Independent Auditors' Results:

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) Major programs as follows:
 - Student Financial Assistance Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Northwest Iowa Community College did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS:

2016-001 Financial Reporting

Condition and Criteria - During the audit, we identified transactions concerning payables, receivables and capital assets not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Effect - The financial information provided by management does not properly present all transactions.

Cause - With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Recommendation - The College should implement procedures to ensure all transactions are properly identified, classified, and included in the College's financial statements.

Response - We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future and monitor this process on a regular basis. However, hiring additional staff to implement additional review would not be cost effective.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

- 16-IV-A Certified Budget – Total operating expenditures for the year ended June 30, 2016 exceeded the amount budgeted.

Recommendation – The College should have amended the budget in accordance with statutory requirements before expenditures were allowed to exceed the budget.

Response – The College failed to properly include the effects of a bond refunding in their budgeted amounts. The College will strive to amend future budgets before expenditures exceed the budget.

Conclusion – Response accepted.

- 16-IV-B Questionable Expenditures – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted.

- 16-IV-C Travel Expense – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.

- 16-IV-D Business Transactions – No non-exempt business transactions between the Community College and the Community College officials or employees were noted.

- 16-IV-E Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

- 16-IV-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

- 16-IV-G Publication – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.

- 16-IV-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

NORTHWEST IOWA COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016

Part V: Prior Year Audit Findings

Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Instances of Non-Compliance:

No matters were reported. There were no prior year audit findings.

Material Weakness:

II-A-15 Financial Reporting

Condition and Criteria – During the audit, we identified transactions concerning retainage payable, receivables and investments not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Effect – The financial information provided by management does not properly present all transactions.

Cause – With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Recommendation – The College should implement procedures to ensure all transactions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future and monitor this process on a regular basis. However, hiring additional staff to implement additional review would not be cost effective.

Current Status – This finding still exists at June 30, 2016. (See Comment 2016-001). This finding was first reported in fiscal year 2007.

**Northwest Iowa Community College
Schedule of Findings and Questioned Costs
Corrective Action Plan
June 30, 2016**

Northwest Iowa Community College respectfully submits the following corrective action plan for the year ended June 30, 2016.

The audit was performed by Williams & Company, P.C., 21 1st Avenue NW, Le Mars, Iowa, for the fiscal year ended June 30, 2016.

The finding from the June 30, 2016 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

MATERIAL WEAKNESS:

2016-001 Condition and Criteria – During the audit, we identified transactions concerning payables, receivables and capital assets not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Effect – The financial information provided by management does not properly present all transactions.

Cause – With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Recommendation – The College should implement procedures to ensure all transactions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future and monitor this process on a regular basis. However, hiring additional staff to implement additional review would not be cost effective.

If involved agencies have any questions regarding this plan, please call Mark Brown at 712-324-5061.

Sincerely yours,

Northwest Iowa Community College



Mark Brown, Vice President of Operations and Finance